

3383 NAIC Company Code 11520 Employer's ID Number 32-0016523

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2004 OF THE CONDITION AND AFFAIRS OF THE

Priority Health Government Programs

NAIC Group Code

(Curre	nt renou) (Filot renou)			
Organized under the Laws of	f Michigan	, State of Do	micile or Port of Entry	Michigan
Country of Domicile		United States of A	America	
Licensed as business type:	Life, Accident & Health []	Property/Casualty []	Dental Service Corporation []	
	Vision Service Corporation []	Other []	Health Maintenance Organization [X]
	Hospital, Medical & Dental Service	ce or Indemnity []	Is HMO, Federally Qualified? Yes [] No [X]
Incorporated	06/03/2002	Commenced Business	10/01/200)2
Statutory Home Office	1231 East Beltli	ne NE ,	Grand Rapids, MI 4952	5-4501
	(Street and Numb	ber)	(City or Town, State and Zip	Code)
Main Administrative Office			st Beltline d Number)	
	apids, MI 49525-4501 Town, State and Zip Code)		616-464-8325 (Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-45	01
Viail / laaress	(Street and Number or P.O. Box)	,	(City or Town, State and Zip Code)	
Primary Location of Books ar	nd Records		1231 East Beltline	
	apids, MI 49525-4501		(Street and Number) 616-464-8235	
, ,	Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	Malcolm Hal	www.priority-he		
Statutory Statement Contact	(Name)	<u> </u>	616-464-8235 (Area Code) (Telephone Number) (E	extension)
malcolm.h	nall@priority-health.com (E-mail Address)		616-942-7916 (FAX Number)	
Policyowner Relations Conta	ot .			
olicyowner rielations conta	(Street and N	lumber)		
(City or	, Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension))
Name	Title	OFFICERS	Name	Title
Kimberly K Horn	, Chief Executive C	Officer Judith		Secretary
Dennis J Reese	, Chief Financial O			
	C	OTHER OFFICERS		
	DIREC	CTORS OR TRUSTE	EC	
Lenore Pickett	James F Byrn		Gauthier	
State of	Michiganss			
County of	Kent			
above, all of the herein described this statement, together with relat of the condition and affairs of the completed in accordance with the that state rules or regulations requesters respectively. Furthermore, the soc	assets were the absolute property of the de exhibits, schedules and explanations said reporting entity as of the reporting NAIC Annual Statement Instructions are usine differences in reporting not related to the people of this attestation by the described	ne said reporting entity, free and cle is therein contained, annexed or refe g period stated above, and of its ind ad Accounting Practices and Proced to accounting practices and proced officers also includes the related of	ricers of said reporting entity, and that on the form any liens or claims thereon, except erred to is a full and true statement of all the come and deductions therefrom for the perdures manual except to the extent that: (1) ures, according to the best of their information or the perdures manual except to the year.	as herein stated, and that e assets and liabilities ann- iod ended, and have beet state law may differ; or, (2 iion, knowledge and beliet , when required, that is an
Kimberly K Chief Executive		Judith W Hooyenga Secretary	Dennis J Chief Financ	
Subscribed and sworn to be 28th day of	efore me this February, 2005		a. Is this an original filing?b. If no,1. State the amendment number2. Date filed	Yes [X] No [] .
			3. Number of pages attached	
Cheryl Britcher Executive Administrative Ass 12/30/2005	istant		. 5	

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	2	3	4	5	6	7			
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted			
0199999 Total individuals									
Group subscribers:									
Group subscribers: State of Michigan	130,531					130,531			
	· · · · · · · · · · · · · · · · · · ·					ĺ.			
				•					
0299997 Group subscriber subtotal	130,531	0	0	0	0	130,531			
0299998 Premiums due and unpaid not individually listed	100,001					100,001			
0299999 Total group		0	0	Λ	0	130,531			
0230000 Pramiums due and unnaid from Medicare entities	100,001		I			100,001			
0399999 Premiums due and unpaid from Medicare entities 0499999 Premiums due and unpaid from Medicaid entities		İ	†						
0599999 Accident and health premiums due and unpaid (Page 2, Line 12)	130,531	0	0	0	0	130,531			
Dodada Accident and health premiums due and unpaid (Page 2, Line 12)	130,031	Ü	U	U	U	130,331			

EXHIBIT 3 - HEALTH CARE RECEIVABLES

EXHIBIT OF HEALTH CARL RECEIVABLES										
1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted				
Individually Listed Receivables:	·			•						
0199998 - Aggregate of amounts not individually listed above.	0					0				
0199999 -	0					0				
State of Michigan	646,838			343,484						
0699998 - Aggregate of amounts not individually listed above.	70,048			,		70,048				
0699999 -	716,886	80,725	39,058	343,484	343,484	836,669				
				,	,					
		ļ								
		.	.							
0799999 Gross health care receivables	716,886	80,725	39,058	343,484	343,484	836,669				

EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

	Aging Analysis of Unpaid	l Claims		_	_	
1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total
Claims Unpaid (Reported)						
						t
						†
						1
0199999 Individually listed claims unpaid	245,178	υ	υ	υ	0	U
0299999 Aggregate accounts not individually listed-uncovered	1,394,613					245,178 1,394,613
0399999 Aggregate accounts not individually listed-covered			0			1,394,013
0499999 Subtotals	1,639,791	0	0	0	0	1,639,791
0599999 Unreported claims and other claim reserves						3,932,403 25,359
0699999 Total amounts withheld						25,359
0799999 Total claims unpaid						5,597,553
0899999 Accrued medical incentive pool and bonus amounts						513,297

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admi	itted
		_				7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current
Individually Listed Receivables: Priority Health	50 000				0	50,000	0
Priority Health Managed Benefits	50 , 000 17 , 547				0	17 ,547	0
0199999 Individually listed receivables	67 , 547	0	0	0	0	67 , 547	0
0399999 Total gross amounts receivable	67,547	0	0	0	0	67,547	0

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Spectrum Hospital	Risk Sharing	349,369	349,369	0
Spectrum HospitalPriority Health Managed Benefits	Risk Sharing Management Fee Payable	328,439	328,439	0
		C77 000		^
0199999 Individually listed payables. 0299999 Payables not individually listed 0399999 Total gross payables		677,808	677,808	Ω
uzsasas Payables not individually listed		077 000	077 000	0
0399999 I otal gross payables		677,808	677,808	0

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Priority Health Government Programs

EXHIBIT 7 PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

EXHIBIT TEACH TOURINATE OF TRANSPORTIONS WITH THE VIDENS											
Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers					
Capitation Payments:		3		<u> </u>							
1. Medical groups	0	0.0		0.0							
2. Intermediaries	0	0.0		0.0							
3. All other providers		37 . 5		0.0	18,566,992						
Total capitation payments		37 . 5	0	0.0	18,566,992	0					
Other Payments:											
5. Fee-for-service	4,618,612	9.3	XXX	XXX		4,618,612					
6. Contractual fee payments	0	0.0	XXX	XXX							
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX							
Bonus/withhold arrangements - contractual fee payments	26,282,033	53 . 1	XXX	XXX	26,282,033						
9. Non-contingent salaries	0	0.0	XXX	XXX							
10. Aggregate cost arrangements	0	0.0	XXX	XXX							
11. All other payments	0	0.0	XXX	XXX							
12. Total other payments	30,900,645	62.5	XXX	XXX	26,282,033	4,618,612					
13. TOTAL (Line 4 plus Line 12)	49,467,637	100 %	XXX	XXX	44,849,025	4,618,612					

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

		· · · · · · · · · · · · · · ·	EXHIBIT 1-1 ALL 2-COMMALL OF THAILOACHOILE WITH INTERMEDIATIES												
1	2	3	4	5	6										
			Average		Intermediary's										
			Average Monthly Capitation	Intermedian/s	Intermediary's Authorized Control Level RBC										
NAIC Code	Name of Intermediary	Conitation Daid	Conitation	Intermediary's Total Adjusted Capital	Control Lovel DDC										
NAIC Code	Name of intermediary	Capitation Paid	Capitation	Total Adjusted Capital	Control Level NBC										
			·····												
9999999 Totals		Λ	XXX	XXX	XXX										
aaaaaaa 10lais		U	^^^	^^^	AAA										

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description	NON	ost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
Administrative furniture and equipment	INOIN						
Medical furniture, equipment and fixtures							
Pharmaceuticals and surgical supplies							
Durable medical equipment							
5. Other property and equipment							
6. Total		0	0	0	0	0	0



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION Priority Health Government Programs

NAIC Group Code 3383 BUSINESS IN THE STATE C	F Michigan				DURING THE YE	AR 2004				(LOCA	TION) NAIC Compa	ny Code	11520
	1	Compre (Hospital &	& Medical)	4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	29,072								28,019				1 , 050
2 First Quarter	30,976								29,909				1,067
3 Second Quarter	33,246								32 , 185				1,061
4. Third Quarter	33,862								32,786				1,076
5. Current Year	37,630								36,533				1,097
6 Current Year Member Months	398,144								385,326				12,818
Total Member Ambulatory Encounters for Year:													
7. Physician	230 , 747								226 , 583				4 , 164
8. Non-Physician	6,257								6,144				113
9. Total	237,004	0	0	0	0	0	0	0	232,727	0	0	0	4,277
10. Hospital Patient Days Incurred	9,344								9,309				35
11. Number of Inpatient Admissions	2,658								2,640				18
12. Health Premiums Written	58,462,627								57 , 457 , 001				1,005,626
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	58,462,627								57 , 457 , 001				1,005,626
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	49 , 467 , 637								48 , 588 , 479				
18. Amount Incurred for Provision of Health Care Services	50,861,773								49,982,615				879,158

(a) For health business: number of persons insured under PPO managed care products



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 3383 BUSINESS IN THE STATE OF	Consolidated			ı	DURING THE YE	AB 2004				(LOCA	TION) NAIC Compai	ay Code	11520
TARIC GROUP CODE 3303 BOSINESS IN THE STATE OF	Consolidated	Compre											
	1	(Hospital 8	Medical)	4	5	6	7	8	9	10	11	12	13
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	29,072	0	0	0	0	0	0	0	28,019	0	0	0	1,05
2 First Quarter	30,976	0	0	0	0	0	0	0	29,909	0	0	0	1,06
3 Second Quarter	33,246	0	0	0	0	0	0	0	32 , 185	0	0	0	1,06
4. Third Quarter	33,862	0	0	0	0	0	0	0	32,786	0	0	0	1,070
5. Current Year	37,630	0	0	0	0	0	0	0	36,533	0	0	0	1,097
6 Current Year Member Months	398,144	0	0	0	0	0	0	0	385,326	0	0	0	12,818
Total Member Ambulatory Encounters for Year:													
7. Physician	230 , 747	0	0	0	0	0	0	0	226,583	0	0	0	4 , 16
8. Non-Physician	6,257	0	0	0	0	0	0	0	6,144	0	0	0	11;
9. Total	237,004	0	0	0	0	0	0	0	232,727	0	0	0	4,27
10. Hospital Patient Days Incurred	9,344	0	0	0	0	0	0	0	9,309	0	0	0	3
11. Number of Inpatient Admissions	2,658	0	0	0	0	0	0	0	2,640	0	0	0	1
12. Health Premiums Written	58 , 462 , 627	0	0	0	0	0	0	0	57 , 457 , 001	0	0	0	1,005,62
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	0	0	
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	0	0	
15. Health Premiums Earned	58 , 462 , 627	0	0	0	0	0	0	0	57 , 457 , 001	0	0	0	1,005,62
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	
17. Amount Paid for Provision of Health Care Services	49 , 467 , 637	0	0	0	0	0	0	0	48 , 588 , 479	0	0	0	879,15
18. Amount Incurred for Provision of Health Care Services	50,861,773	0	0	0	0	0	0	0	49,982,615	0	0	0	879,15

(a) For health business: number of persons insured under PPO managed care products 0______and number of persons under indemnity only products _____0

SCHEDULE A - VERIFICATION BETWEEN YEARS

	Book/adjusted carrying value, December 31, prior year (prior year statement)	0
2.	Increase (decrease) by adjustment:	
	2.1 Totals, Part 1, Column 11	0
	2.2 Totals, Part 3, Column 7	0
3.	2.1 Totals, Part 1, Column 11 2.2 Totals, Part 3, Column 7 Cost of acquired, (Totals, Part 2, Column 6, net of encumb ance con an 7) old set on editions and permanent improvements (Column 9)	0
4.	Cost of additions and permanent improvements:	
	4.1 Totals, Part 1, Column 14	0
	4.2 Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	0
6.	Increase (decrease) by foreign exchange adjustment:	
	6.1 Totals, Part 1, Column 12	0
	6.2 Totals, Part 3, Column 8	0
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	0
8.	Book/adjusted carrying value at end of current period	0
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	0
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0
	SCHEDULE B - VERIFICATION BETWEEN YEARS	
		0
	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2.	Amount loaned during year: 2.1 Actual cost at time of acquisitions 2.2 Additional investment made after acquisitions Accrual of discount and mortgage interest points and commitment fees	
	2.1 Actual cost at time of acquisitions	0
	2.2 Additional investment made after acquisitions	U
	Increase (decrease) by adjustment	
	Total profit (loss) on sale	
	Amounts paid on account or in full during the year	
	Amortization of premium	
	Increase (decrease) by foreign exchange adjustment	
	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
	Total valuation allowance	
	Subtotal (Lines 9 plus 10)	
	Total nonadmitted amounts	
	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	~
1.	Book/adjusted carrying value of long-term invested assets owned. December 31 of prior year	0
2.	Cost of acquisitions during year: 2.1 Actual cost at time of acquisitions 2.2 Additional investment made after acquisitions Accrual of discount Increase (decrease) by adjustment	
	2.1 Actual cost at time of acquisitions	
	2.2 Additional investment made after acquisitions	0
3.	Accrual of discount	
	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	0
	Total valuation allowance	
	Subtotal (Lines 9 plus 10)	
	Total nonadmitted amounts	
	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	
	• • • • • • • • • • • • • • • • • • •	

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturit	ty Distribution of All B	onds Owned December	er 31, at Book/Adjusted	d Carrying Values by N	Major Types of Issues	and NAIC Designations	s
2	2	4	E	6	7	0	

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations												
	1	2	3	4	5	6	7	8	9	10	11	
			Over 5 Years Through	Over 10 Years			Col. 6 as a	Total from Col. 6	% From Col. 7	Total Publicly	Total Privately Placed	
Quality Rating per the NAIC Designation		5 Years	10 Years	Through 20 Years	Over 20 Years	Total Current Year	% of Line 10.7	Prior Year	Prior Year	Traded	(a)	
1. U.S. Governments, Schedules D &												
1.1 Class 1	1,021,156					1 , 021 , 156	100.0	1,023,398	100.0	1,021,156		
1.2 Class 2						0	0.0	0	0.0			
1.3 Class 3						0	0.0	0	0.0			
1.4 Class 4						0	0.0	0	0.0			
1.5 Class 5						0	0.0	0	0.0			
1.6 Class 6						0	0.0	0	0.0			
1.7 Totals	1,021,156	0	0	0	0	1,021,156	100.0	1,023,398	100.0	1,021,156	C	
2. All Other Governments, Schedules			•	<u> </u>		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		.,,,,		.,,		
2.1 Class 1						0	0.0	0	0.0			
2.2 Class 2						n	0.0	n	0.0			
2.3 Class 3						n	0.0	n l	0.0			
2.4 Class 4						n	0.0	Λ	0.0			
2.5 Class 5						n	0.0	Λ	0.0			
2.6 Class 6						n	0.0		0.0			
2.7 Totals		0	0	0	0	0	0.0	0	0.0	Λ	0	
3. States, Territories and Possession	U	Ü	v	U	U	U	0.0	U	0.0	U	U	
	S etc., Guaranteeu, Sc	T a DA (GIOL	ip s)		ł	0	0.0	0	0.0			
3.1 Class 1								U	0.0			
3.2 Class 2						L	0.0	U				
3.3 Class 3		†				U	0.0 0.0		0.0			
3.4 Class 4						U						
3.5 Class 5						L	0.0	U	0.0			
3.6 Class 6						0	0.0	0	0.0			
3.7 Totals	0		0	0	0	0	0.0	0	0.0	0	C	
4. Political Subdivisions of States, Te	erritories and Possess	ions, Guaranteed, Sch	edules D & DA (Group	4)								
4.1 Class 1						0	0.0	0	0.0			
4.2 Class 2						0	0.0	0	0.0			
4.3 Class 3			ļ			0	0.0	0	0.0			
4.4 Class 4						0	0.0	0	0.0			
4.5 Class 5						0	0.0	0	0.0			
4.6 Class 6						0	0.0	0	0.0			
4.7 Totals	0	V	0	0	0	0	0.0	0	0.0	0	C	
5. Special Revenue & Special Assess	ment Obligations etc.	, Non-Guaranteed, Scl	nedules D & DA (Group	5)								
5.1 Class 1						0	0.0	0	0.0			
5.2 Class 2						0	0.0	0	0.0			
5.3 Class 3						0	0.0	0	0.0			
5.4 Class 4						0	0.0	0	0.0			
5.5 Class 5						0	0.0	0	0.0			
5.6 Class 6						0	0.0	0	0.0			
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	(

9.7 Totals

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations Over 1 Year Through Over 5 Years Through Over 10 Years Col. 6 as a Total from Col. 6 % From Col. 7 Total Publicly Total Privately Placed Quality Rating per the NAIC Designation 1 Year or Less 5 Years 10 Years Through 20 Years Over 20 Years **Total Current Year** % of Line 10.7 Prior Year Prior Year Traded (a) 6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6) 0.0. 6.1 Class 1 0.0. 6.2 Class 2 0.0 0.0 0.0 6.3 Class 3 .0.0 6.4 Class 4 ..0.0 0.0 ..0.0 6.5 Class 5. .0.0 0.0 6.6 Class 6 0.0 0.0 0.0 6.7 Totals 7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7) 7.1 Class 1 ..0.0 .0.0 7.2 Class 2 0.0 .0.0 7.3 Class 3 0.0 0.0. 7.4 Class 4 0.0 0.0 0.0 7.5 Class 5 .0.0 0.0 7.6 Class 6 0.0 0.0 0.0 7.7 Totals 8. Credit Tenant Loans, Schedules D & DA (Group 8) 0.0 8.1 Class 1 .0.0 0.0. .0.0 8.2 Class 2 8.3 Class 3 ..0.0 .0.0 8.4 Class 4 0.0 .0.0 8.5 Class 5 0.0 .0.0 0.0 8.6 Class 6 0.0 0.0 0.0 9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9) .0.0 9.1 Class 1 .0.0 9.2 Class 2 ..0.0 .0.0 9.3 Class 3 0.0 .0.0 9.4 Class 4 0.0. .0.0 9.5 Class 5. 0.0 0.0 9.6 Class 6 0.0 0.0

0.0

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations 10 Over 1 Year Through Total from Col. 6 Total Publicly Total Privately Placed Over 5 Years Through Over 10 Years Col. 6 as a % From Col. 7 Quality Rating per the NAIC Designation Through 20 Years Over 20 Years **Total Current Year** 1 Year or Less 5 Years 10 Years % of Line 10.7 Prior Year Prior Year Traded (a) 10. Total Bonds Current Year 10.1 Class 1 .1,021,156 .1,021,156 100.0 XXX XXX ..1,021,156 .XXX. 10.2 Class 2 ..0.0 XXX. .XXX. ..0.0 XXX. 10.3 Class 3 .XXX. 10.4 Class 4 0.0. XXX. XXX 10.5 Class 5 0.0 XXX 0.0 XXX XXX 10.6 Class 6 0 10.7 Totals .1,021,156 1,021,156 100.0 XXX XXX .1,021,156 10.8 Line 10.7 as a % of Col. 6 100.0 0.0 0.0 0.0 0.0 100.0 XXX XXX XXX 100.0 0.0 11. Total Bonds Prior Year 1.023.398 100.0 1.023.398 XXX 11.1 Class 1 XXX XXX 11.2 Class 2 0 0 11.3 Class 3 XXX XXX 0.0 11.4 Class 4 XXX XXX 0.0 11.5 Class 5 XXX XXX 0.0 11.6 Class 6 0 XXX XXX 0.0 1,023,398 .XXX. ..1,023,398 11.7 Totals ...0 .XXX. .100.0 ..1,023,398 11.8 Line 11.7 as a % of Col. 8 0.0 100.0 0.0 0.0 0.0 XXX XXX 100.0 XXX 100.0 0.0 12. Total Publicly Traded Bonds .1.021.156 .1.021.156 1.021.156 100.0 .1,023,398 .100.0 XXX 12.1 Class 1 12.2 Class 2 0 0 0.0 XXX 0.0 XXX 12.3 Class 3 0.0 0.0 XXX 12.4 Class 4 0.0 XXX 12.5 Class 5 0.0 XXX 12.6 Class 6 0.0 0.0 12.7 Totals 100.0 1,021,156 1,021,156 .1,023,398 .1,021,156 XXX 12.8 Line 12.7 as a % of Col. 6 100.0 0.0 0.0 0.0 0.0 .100.0 XXX XXX XXX 100.0 XXX 12.9 Line 12.7 as a % of Line 10.7, 100.0 0.0 0.0 0.0 0.0 100.0 XXX XXX XXX Col. 6, Section 10 13. Total Privately Placed Bonds XXX 13.1 Class 1 13.2 Class 2 0.0 0.0 XXX 13.3 Class 3 0.0 0.0 XXX 13.4 Class 4 0.0 0.0 XXX XXX 13.5 Class 5 0.0 0.0 XXX 0.0 0 0 13.6 Class 6 13.7 Totals 0.0 0.0 XXX 13.8 Line 13.7 as a % of Col. 6 0.0 0.0 ..0.0 0.0 .0.0 0.0 XXX. XXX XXX XXX. .0.0 13.9 Line 13.7 as a % of Line 10.7. 0.0 0.0 0.0 0.0 0.0 XXX XXX XXX XXX 0.0 Col. 6. Section 10

⁽a) Includes \$ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues											
	1	2 Over 1 Year	3 Over 5 Years	4 Over 10 Years	5	6	7 Col. 6 as a %	8 Total from Col 6	9 % From Col. 7	10 Total Publicly	11 Total Privately
Distribution by Type	1 Year or Less	Through 5 Years	Through 10 Years	Through 20 Years	Over 20 Years	Total Current Year	of Line 10.7	Prior Year	Prior Year	Traded	Placed
1. U.S. Governments, Schedules D & DA (Group 1)	4 004 450					4 004 450	100.0	4 000 000	400.0	4 004 450	
1.1 Issuer Obligations	1,021,156					1,021,156	100.0	1,023,398	100.0	1,021,156	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
1.7 Totals	1,021,156	0	0	0	0	1,021,156	100.0	1,023,398	100.0	1,021,156	0
2. All Other Governments, Schedules D & DA (Group 2)							0.0	0	0.0		
2.1 Issuer Obligations						<u></u>	0.0	0	0.0		
Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES 3.3 Defined						U	0.0		0.0		
2.4 Other				•		u	0.0		0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES							0.0		0.0		
2.5 Defined						L	0.0	U	0.0		
2.6 Other	^	^	0	0	^	U		0		^	^
2.7 Totals	U	U	U	U	U	U	0.0	U	0.0	U	U
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)						0	0.0	0	0.0		
Issuer Obligations Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
3.3 Defined 3.4 Other						0	0.0 0.0	0 0	0.0 0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined						0	0.0	0 0	0.0 0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Sched	ules D & DA (Group 4)										
4.1 Issuer Obligations						0	0.0	0	0.0		
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
4.3 Defined						0	0.0	0 0	0.0 0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES 4.5 Defined						0	0.0	0	0.0		
4.6 Other	• • • • • • • • • • • • • • • • • • • •					n	0.0	n	0.0		
4.7 Totals	Λ	Λ	^	Λ	0	0	0.0	0	0.0	Λ	۸
4.7 Totals 5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Sched	Ulaa D 8 DA (Cre ::: 5)	U	U	U	U	U	0.0	U	0.0	U	U
5.1 Issuer Obligations	IUIES D & DA (GROUP 5)			1		n	0.0	Λ	0.0		
5.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
5.3 Defined						0	0.0	0 0	0.0 0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined				ļ		ļ	0.0	ļ	0.0		
5.6 Other						0	0.0	0	0.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

9.6 Other

9.7 Totals

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Najor Type and Subtype of Issues 10 Over 5 Years Col. 6 as a Total from Col. 6 **Total Publicly Total Privately** Over 10 Years % From Col. 7 Over 1 Year Through Through 10 Years Through 20 Years Over 20 Years **Total Current Year** % of Line 10.7 Prior Year Distribution by Type 1 Year or Less 5 Years Prior Year Traded Placed 6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6) 6.1 Issuer Obligations0.0 .0.0 6.2 Single Class Mortgage-Backed/Asset-Based ...0.0 .0.0 MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES ...0.0 6.3 Defined ...0.0 6.4 Other .0.0 MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES ..0.0 6.5 Defined 6.6 Other 0.0 0.0 0.0 0.0 6.7 Totals 7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7) 7.1 Issuer Obligations ..0.0 7.2 Single Class Mortgage-Backed/Asset-Based ...0.0 Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES 7.3 Defined ...0.0 .0.0 ...0.0 7.4 Other .0.0 MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES 7.5 Defined ...0.0 .0.0 7.6 Other 0.0 0.0 7.7 Totals 0.0 0.0 8. Credit Tenant Loans, Schedules D & DA (Group 8) .0.0 8.1 Issuer Obligations 0.0 0.0 8.7 Totals 9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9) ...0.0 9.1 Issuer Obligations 9.2 Single Class Mortgage-Backed/Asset-Based 0.0 Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES 0.0 9.3 Defined ...0.0 ..0.0 MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES ...0.0 .0.0 9.5 Defined

0.0

0.0

0.0

0.0

SCHEDULE D - PART 1A - SECTION 2 (continued)

SCHEDULE D - PART 1A - SECTION 2 (CONTINUED) Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues													
Maturity Distric	1	2	3	4	5	6	7	8	9	10	11		
Distribution by Type	1 Year or Less	Over 1 Year	Over 5 Years Through 10 Years	Over 10 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total From Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed		
10. Total Bonds Current Year	i rear or Less	Through 5 Years	Through to Years	mrough 20 Years	Over 20 Years	Current Year	Of Line 10.7	Prior Year	Prior Year	rraded	Placed		
10.1 Issuer Obligations	1.021.156	0	0	0	0	1.021.156	100.0	XXX	XXX	1.021.156	0		
10.1 Issuer Obligations 10.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,021,100					1,021,100	0.0	XXX	XXX	1,021,130			
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES													
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0		
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES										-			
10.5 Defined	0	0	0	0	0	0	0.0	XXX		0	0		
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0		
10.7 Totals	1,021,156	0	0	0	0	1,021,156	100.0	XXX	XXX	1,021,156	0		
10.8 Line 10.7 as a % of Col. 6	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0		
11. Total Bonds Prior Year													
11.1 Issuer Obligations	0	1,023,398	0	0	0	XXX	XXX	1,023,398		1,023,398	0		
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	XXX	XXX	0	0.0	0	0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES								_					
11.3 Defined	0	0	0	0	Ω	XXX	XXX	<u></u>	0.0	0	0		
11.4 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0		
11.5 Defined		0	0	0	U	XXX	XXX	J	0.0	U			
11.6 Other	0	1,023,398	0	0	0	XXX	XXX	1.023.398	100.0	1.023.398	0		
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	1,023,396	0.0		
12. Total Publicly Traded Bonds	0.0	100.0	0.0	0.0	0.0	۸۸۸	۸۸۸	100.0	۸۸۸	100.0	0.0		
12.1 Issuer Obligations	1,021,156					1,021,156	100.0	1.023.398	100.0	1,021,156	XXX		
12.1 Issuer Obligations 12.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,021,100		-	†		1,021,130	0.0	1,023,380	0.0	1,021,130	XXX		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES			***************************************										
12.3 Defined						0	0.0	0	0.0	0	XXX		
12.4 Other						0	0.0	0	0.0	0	XXX		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES													
12.5 Defined						0	0.0	0	0.0	0	XXX		
12.6 Other						0	0.0	0	0.0	0	XXX		
12.7 Totals	1,021,156	0		0	0	1,021,156	100.0	1,023,398	100.0	1,021,156	XXX		
12.8 Line 12.7 as a % of Col. 6	100.0	0.0		0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX		
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	100.0	0.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX		
13. Total Privately Placed Bonds								_					
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0		
13.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	XXX	0		
						0	0.0	0	0.0	XXX	0		
13.3 Defined							0.0	U	0.0	XXX			
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES								U	0.0	ΛΛΛ			
13.5 Defined						0	0.0	n	0.0	XXX	n		
13.6 Other						0	0.0	0	0.0	XXX	0		
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0		
13.8 Line 13.7 as a % of Col. 6	0.0	0.0		0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0		
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0		0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0		
, ,			•	•				•	•	1			

12. Income collected during year13. Income earned during year

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Priority Health Government Programs

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years 2 4 Other Short-term Investments in Parent, Subsidiaries and Affiliates Total Bonds Mortgage Loans Investment Assets(a) 1. Book/adjusted carrying value, prior year ...1,021,156 ...1,021,156 2. Cost of short-term investments acquired 3. Increase (decrease) by adjustment 4. Increase (decrease) by foreign exchange adjustment. 5. Total profit (loss) on disposal of short-term investments 6. Consideration received on disposal of short-term investments ...1,021,156 ...1,021,156 7. Book/adjusted carrying value, current year 8. Total valuation allowance ...1,021,156 ...1,021,156 9. Subtotal (Lines 7 plus 8) 10. Total nonadmitted amounts 11. Statement value (Lines 9 minus 10) ...1,021,156 ...1,021,156

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2

NONE

SCHEDULE S - PART 3 - SECTION 2

	Heinsurance Ceded Accident and Health insurance Listed by Heinsuring Company as of December 31, Current Year													
1	2	3	4	5	6	7	8	9	Outstanding S	Surplus Relief	12	13		
NAIC								Reserve Credit	10	11	Modified			
Company	Federal ID						Unearned Premiums	Taken Other than for			Coinsurance	Funds Withhe		
Code	Number	Effective Date	Name of Company	Location	Type	Premiums	(estimated)	Unearned Premiums	Current Year	Prior Year	Reserve	Under Coinsura		
0611	41 - 1366075	02/01/2005	Allianz Life Insurance Company.	Minnesota	SSL/L/1	106,332								
0400000	Total Affiliate					100 222								

Company Federal ID Unearned Premiums Taken Other than for Coinsurance Funds Withheld Unearned Premiums Taken Other than for Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Year Reserve Under Coinsurance Funds Withheld Unearned Premiums Current Year Prior Yea	NAIC								Reserve Credit	10	11	Modified	
14-1340075 2/01/2005 All Titus Life Insurance Corpany Nimeseta SSL/LI 195.332	Company	Federal ID						Unearned Premiums	Taken Other than for			Coinsurance	Funds Withheld
14-1340075 2/01/2005 All Titus Life Insurance Corpany Nimeseta SSL/LI 195.332	Code	Number	Effective Date	Name of Company		Type	Premiums	(estimated)	Unearned Premiums	Current Year	Prior Year	Reserve	Under Coinsurance
6546 58-08/8824 10/01/202 Nation Aperican Passers areas Carpany of 8 list Septiment Septim	90611			Allianz Life Insurance Company.	Minnesota	\$\$L/L/I	106,332						
11.697 11.697 11.697 11.697	0199999 -	 Total Affiliate 	S				106,332						
11.697 11.697 11.697 11.697				Munich American Reassurance Company c/o Risk									
		58 - 0828824	10/01/2002	Based Solutions	Georgia	\$\$L/L/1	11,497						
	0299999 -	- Total - Non-Aff	iliates				11,497						
			•				• • • • • • • • • • • • • • • • • • • •						
						•							
			• • • • • • • • • • • • • • • • • • • •				• • • • • • • • • • • • • • • • • • • •						
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000000 Texts			• • • • • • • • • • • • • • • • • • • •				• • • • • • • • • • • • • • • • • • • •						
000000 Tetels							• • • • • • • • • • • • • • • • • • • •						
00000 Total													
70000 Table													
20000 Table													
200000 Table			•			······	• • • • • • • • • • • • • • • • • • • •						
20000 Tels						•							
230000 Totals													
20000 Table			•				•						
700000 Table			• • • • • • • • • • • • • • • • • • • •				• • • • • • • • • • • • • • • • • • • •						
790000 Table			• • • • • • • • • • • • • • • • • • • •				• • • • • • • • • • • • • • • • • • • •						
030000 Totals													
020000 Totals						I							
020000 Totals						1							
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020000 Totals													
020000 Totals													
020000 Totals													
020000 Totals			•			+	• • • • • • • • • • • • • • • • • • • •						
020000 Totals						†							
020000 Totals						†							
020000 Tatale						†							
	0200000	Totala					117 000						

SCHEDULE S - PART 4

	Reinsurance Ceded to Unauthorized Companies												
1	2	3	4	5	6	7	8	9	10	11	12	13	14 Sum of Cols.
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Total Cols. (5+6+7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	9+10+11+12+13 But Not in Excess of Col. 8
					·····		NE						
					•								
		ļ											
1199999	Totals	4											

Schedule S-Part 5 Five-Year Exhibit of Reinsurance Ceded Business (000 Omitted)

		1 2004	2 2003	3 2002	4 2001	5 2000								
Α. (OPERATIONS ITEMS													
1.	Premiums	2	3	1	0	0								
2.	Title XVIII-Medicare	0	0	0	0	0								
3.	Title XIX-Medicaid	116	109	19	0	0								
4.	Commissions and reinsurance expense allowance		0	0	0	0								
5.	Total hospital and medical expenses		0	0	0	0								
В. І	BALANCE SHEET ITEMS													
6.	Premiums receivable		0	0	0	0								
7.	Claims payable		0	0	0	0								
8.	Reinsurance recoverable on paid losses	0	0	0	0	0								
9.	Experience rating refunds due or unpaid		0	0	0	0								
10.	Commissions and reinsurance expense allowances unpaid		0	0	0	0								
11.	Unauthorized reinsurance offset			0	0	0								
	UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)													
12.	Funds deposited by and withheld from (F)	0	0	0	0	0								
	Letters of credit (L)		0	0	0	0								
14.	Trust agreements (T)	0	0	0	0	0								
15.	Other (O)	0	0	0	0	0								

SCHEDULE S-PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

		1	2	3
		As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 10)	13,410,271		13,410,271
2.	Accident and health premiums due and unpaid (Line 12)	130,531		130,531
3.	Amounts recoverable from reinsurers (Line 13.1)	0		0
4.	Net credit for ceded reinsurance.	xxx	0	0
5.	All other admitted assets (Balance)	909,340		909,340
6.	Total assets (Line 26)	14,450,142	0	14,450,142
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	5 ,597 ,553	0	5,597,553
8.	Accrued medical incentive pool and bonus payments (Line 2)	513,297		513,297
9.	Premiums received in advance (Line 8)	0		0
10.	Reinsurance in unauthorized companies (Line 18)	0		0
11.	All other liabilities (Balance).	959,407		959,407
12.	Total liabilities (Line 22)	7 ,070 ,257	0	7,070,257
13.	Total capital and surplus (Line 30)	7,379,885	XXX	7,379,885
14.	Total liabilities, capital and surplus (Line 31)	14,450,142	0	14,450,142
	NET CREDIT FOR CEDED REINSURANCE			
15.	Claims unpaid	0		
16.	Accrued medical incentive pool	0		
17.	Premiums received in advance	0		
18.	Reinsurance recoverable on paid losses	0		
19.	Other ceded reinsurance recoverables	0		
20.	Total ceded reinsurance recoverables	0		
21.	Premiums receivable			
22.	Unauthorized reinsurance	0		
23.	Other ceded reinsurance payables/offsets	0		
24.	Total ceded reinsurance payable/offsets	0		
25.	Total net credit for ceded reinsurance	0		

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SCHEDULE Y (continued) PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

	PART 2 - SUMMARY OF INSURER S TRANSACTIONS WITH ANY AFFILIATES												
1	2	3	4	5	6	7 Income/	8	9	10	11	12	13	
NAIC Company	Federal ID Number	Name of Language and David Code idiation on Affiliate	Shareholder	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other	Incurred in Connection with Guarantees or Undertakings for the Benefit of any	Management Agreements and	Income/ (Disbursements) Incurred Under Reinsurance		Any Other Material Activity Not in the Ordinary Course of the Insurer's	Takela	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit	
Code	Number	Names of Insurers and Parent, Subsidiaries or Affiliates Priority Health Managed Benefits	Dividends	Contributions	Investments	Affiliate(s)	Service Contracts (5,172,321)	Agreements		Business	Totals (5, 172, 221)	Taken/(Liability)	
95561	38-2715520	Priority Health		3,000,000			(3,172,321)				(5,172,321) 3,000,000		
00001	00 27 10020	Triority hourth											
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9999999 Cd	ontrol Totals		0	3,000,000	0	0	(5,172,321)	0	XXX	0	(2,172,321)	0	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

1.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	YES	[]	NU	[X]
2.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES	[X]	NO	[]
3.	Will an actuarial certification be filed by March 1?	YES	[X]	NO	[]
4.	Will the Risk-based Capital Report be filed with the NAIC by March 1?	YES	[X]	NO	[]
5.	Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	YES	[X]	NO	[]
6.	Will the Life Supplement be filed the state of domicile and the NAIC by March 1?	YES	[]	NO	[X]
7.	Will the Property/Casualty Supplement be filed the state of domicile and the NAIC by March 1?	YES	[]	NO	[X]
	APRIL FILING				
8.	Will Management's Discussion and Analysis be filed by April 1?	YES	[X]	NO	[]
9.	Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?	YES	[]	NO	[X]
10.	Will the Investment Risks Interrogatories be filed by April 1?	YES	[X]	NO	[]
	JUNE FILING				
11.	Will an audited financial report be filed by June 1 with the state of domicile?	YES	[X]	NO	[]
XPL	ANATIONS:				

E

- 6. n/a
- 7. n/a
- 9. n/a

BAR CODE:









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